

Wachovia Corporation: Homeownership Opportunities in Emerging Segments

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November 13, 2003



WACHOVIA

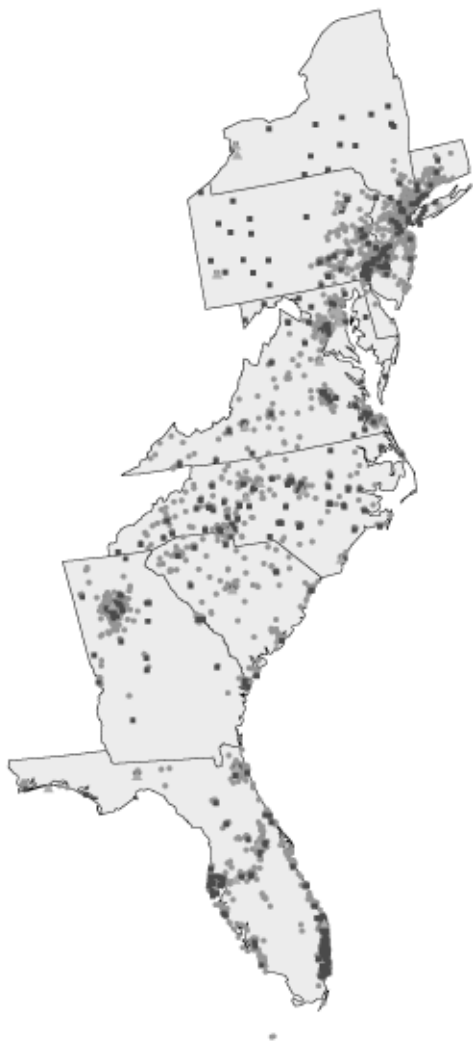
Agenda

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Overview of Wachovia Corporation

- **Wachovia Corporation is a diversified financial services company that provides, through multiple affiliates, a broad range of banking, asset management, wealth management, and corporate and investment banking products and services.**
- **With more than 80,000 employees, Wachovia serves 20 million banking, brokerage, and corporate customers, primarily on the East Coast.**
- **Headquartered in Charlotte, N.C., with financial services offices in Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia and Florida.**
- **Wachovia also operates full-service retail brokerage offices in 48 states. Global services are provided through 30 international offices.**

The Wachovia Franchise



Points of Pride:

- **#5 bank in U.S. (assets)**
- **#1 East Coast retail bank**
- **#3 commercial lender in the nation**
- **#2 personal trust advisor**
- **In 2002:**

Made more than \$19 billion in community development loans and investments

Helped 450 lower-income families realize the dream of homeownership each week.

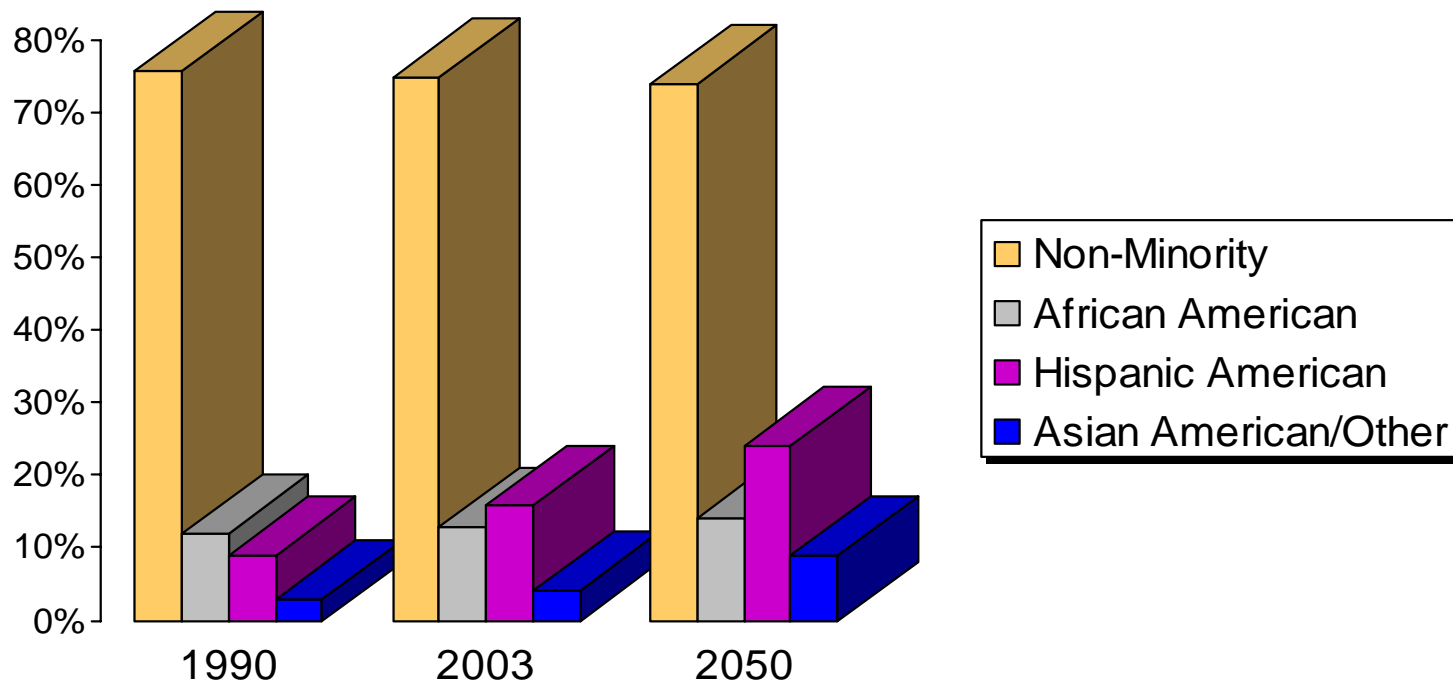
Helped revitalize housing and create jobs in over 650 neighborhoods.

Created over 6,000 units of affordable rental housing by investing \$250 million in equity.

Market Opportunities

America's Demographics are Shifting

Projected Composition of U.S. Population



Market Opportunities: African-American Market (continued)

- **The African-American population is projected to grow faster than the White population over the next five years. (U.S. Census, 2000)**
- **Metropolitan areas in the South – and traditional areas like New York, Philadelphia and Chicago – are still black population centers. (U.S. Census, 2000)**
 - **Norfolk-Virginia Beach-Newport News, VA-NC MSA – 30.9% of population**
 - **Washington, DC-MD-VA,WV PMSA – 26% of population**
- **The population is younger than the non-Hispanic White population. (U.S. Census, 2000)**
- **African-American/Black homeownership is at 46% nationally, up from 43% in 1990 (U.S. Census, 2000.)**
- **Virginia is one of 10 states with the largest share of black buying power. The growth of buying power is attributed to increasing numbers of entrepreneurs and greater employment opportunities; over one-half of married-couple families have incomes of \$50,000 or more. (U.S. Census Bureau, 2000; Selig Center Study, University of Georgia)**

Market Opportunities: Hispanic Market (continued)

**The U.S. Hispanic population increased by 61 percent between 1990 and 2000, ballooning from 21.9 million to 35.3 million.
(U.S. Census, 2000)**

**U.S. Hispanic purchasing power reached nearly \$600 billion in the second quarter of 2003. That figure represents an increase of 11 percent over the previous year's purchasing power estimate of \$540 billion.
(Hispanic Business Magazine – August 2003)**

**Hispanic homeownership will grow by 1.8 million homes by 2010.
(Standard & Poor's DRI, "Hispanic Consumer Market" November 1998)**

**Virginia is one of 10 states with the largest Hispanic market, but the growth of buying power will be concentrated in other states.
(U.S. Census Bureau, 2000; Selig Center Study, University of Georgia).**

Themes Across Minority Segments

Common Themes	Key Observations
Family	<ul style="list-style-type: none">• Family is a top priority• Young and extended –multigenerational• Children are important• Elders are respected
Community	<ul style="list-style-type: none">• Helps to create an informal infrastructure to maintain cultural heritage, tradition and values• Community-based organizations are important centers for assistance and advocacy• Acts as communication network – providing grassroots reference/ testimonials regarding companies, products and services
Heritage	<ul style="list-style-type: none">• Honoring traditions important• Family lineage celebrated

Embracing Opportunities: Wachovia's Emerging Markets Strategy

- **Deliberate, strategic and sustained**
- **Holistic, Relationship-oriented**
 - **Model of Inclusion**
 - **Applying a diversity lens to everything we do**
 - **Cultural Relevancy**
 - **Understanding and addressing cultural insights and unique characteristics**
 - **“Transcreate” content rather than just translate**
 - **Visible Commitment**
 - **Internal/External Representation**

Wachovia's Approach to Emerging Markets

The Approach

- To leverage our strengths to develop innovative approaches that serve our neighborhoods.
- As the number one community development lender in the nation, we are a national leader in promoting fair lending, diversity and community outreach, with a dedicated team of professionals who know the industry.

The Focus

- Our unique focus on adult financial education fulfills one of our core values: respect and value the individual. By using innovative programs and working with community partners, we can provide lower-income families with clear financial strategies that help them increase their wealth and become future home buyers.
- We utilize a multicultural marketing approach to increase financial education and home ownership through a variety of promotional and outreach efforts.

Profile 1: Financial Education

Issue: How to better reach and serve our Latino customer base

- **Opportunity: A growing Mexican population in the communities we serve**
- **Community Need: Primarily unbanked, there is a need to protect the money earned by families.**
- **Delivery: Provide financial education, in Spanish, to the Mexican community on the use of banking services using the FDIC Money Smart Program.**

Profile I:

Financial Education (continued)

- **By combining the efforts of the General Banking Group, Emerging Markets and Community Development, Wachovia provides financial education training in Spanish using the FDIC Money Smart program. At Wachovia, we ...**
 - **Promote financial education using our new free checking account and provide booklet in Spanish to balance your checkbook.**
 - **Provide financial education seminars, in Spanish, through our community partners through traditional classroom instruction and satellite broadcasts (*3 current partners in the VA/DC area*).**
 - **Use our multi-lingual contact center in Miami to provide Spanish translation services to our financial center employees and provide additional services, via the telephone, to this market in their given language.**
 - **Ensure that Spanish-speaking employees are located in financial centers that serve this community and that other employees know where to direct customers.**
 - **Promote a co-branded booklet entitled “La Matricular Consular,” in cooperation with the Consul General of Mexico and through the consulate offices, that helps Mexican families understand basic banking services.**

Profile 2:

Home Ownership Programs

Issue: Increase homeownership in lower-income and minority communities.

- **Opportunity: Our relationship with Fannie Mae offers the ability to expand our product offering**
- **Community Need: The ability to own a home is the first step in increasing personal wealth.**
- **Delivery: Promote a suite of community lending mortgage programs through community mortgage partnerships.**

Profile 2:

Home Ownership Programs (continued)

- By combining the efforts of the Wachovia Mortgage Corporation, Emerging Markets and Community Development, Wachovia provides a suite of community lending mortgage products that fit the needs of the communities we serve.

At Wachovia, we ...

- Offer a 3-to-1 down payment assistance program that can provide up to \$3,000 to use as a down payment on a new home.
 - Targeted to those with incomes up to 50% of area media income
 - Can be combined with other assistance programs
- Offer a First-Time Homebuyers down payment assistance program through the Federal Home Loan Bank of Atlanta that can provide up to \$5,000 in assistance.
- Work with 164 community organizations (*18 partners in Virginia*) to provide home buyer education to first-time homebuyers as well as lower-income and minority families looking to use their equity to purchase a larger home.
- Have a partnership with Fannie Mae where we host mortgage multicultural events (*3 events in Virginia in 2003*) to bring together loan officers, non-profits and real estate professionals to share ideas and use innovative lending products and down payment assistance programs.

Profile 2:

Home Ownership Programs (continued)

- **Launched the first non-profit broker relationship with a community organization that enables them to approve mortgages for their clients using our delegated underwriting system.**
- **Launched a pilot program to increase home ownership to those receiving assistance under the Section 8 voucher program.**
- **Sponsor and participate in community homebuyer fairs, conferences and other venues to promote our programs.**
- **Work directly with non-profit organizations and use diverse marketing approaches to attract minority applicants.**

Summary

- **Our Emerging Markets strategy is grounded in our passionate commitment to service – to speak and live our brand in a way that is culturally relevant and genuinely committed to serving minority customers.**
 - **Our Emerging Markets unit assists business units in recognizing and meeting the needs of our diverse markets.**
 - **A multi-lingual call center in Miami serves customers who want to manage their finances in another language – all representatives speak Spanish and English and certain representatives speak other languages.**
 - **Marketing and advertising target minority media channels using collateral in English and Spanish.**
 - **Communications and collateral materials are bilingual.**
 - **Brand platform transcreated as opposed to translated into Spanish to create marketing messages that show respect, promote pride and relate our message in a meaningful way.**

Parting Thoughts

- Wachovia takes an “uncommon approach” to emerging markets and community development – treating it as a sustainable business that is deliberate, sustained and holistic.
- Our approach to emerging markets and community development is a direct outgrowth of our corporate values – integrity, respect for the individual, teamwork, service, personal excellence and dedication to winning.
- This work has a broader economic impact on society, resulting in the increase of homeownership, creation of jobs, revitalization of neighborhoods and economic development.
- We are just embarking our journey – we have much more to learn but welcome the opportunity to share what we have found thus far.

APPENDIX

Wachovia's Financial Literacy Programs

Programs:

- **eCommunitiesFirst**
 - Provides financial education classes and technology training & access to low- and moderate-income families.
 - Currently operating in 5 cities - Charlotte NC, Atlanta GA, Perth Amboy NJ, Philadelphia PA, and Tallahassee FL
 - Trained over 400 students through July, 2003
- **Money Smart**
 - Partnership with the FDIC to deliver comprehensive financial education to adults.
 - 29 community partner agreements in 10 states plus District of Columbia
 - 4 satellite training centers - 3 English/1 Spanish broadcast each month
- **BorrowSmart**
 - Co-founder, board member and financial supporter of this public education foundation that provides unique counseling to home equity loan customers
 - A free Web site – BorrowSmart.org – that supports consumer education to promote the wise use of credit and fight predatory lending.

Wachovia's Home Ownership Programs

- **Community Lending Mortgage Products**
 - Affordable Home Mortgage Loan
 - Neighborhood Development (Target) Mortgage
 - Community Partnership Mortgage
 - Flex 100SM
 - Expanded Approval-Timely Payment RewardTM
 - MyCommunityMortgageSM
 - Community SolutionsTM
 - Government Mortgages (FHA, VA)
- **Down Payment Assistance Programs**
 - Wachovia's 3-to-1 Down Payment Assistance
 - Federal Home Loan Bank's First-Time Homebuyers Program

Wachovia Community Points of Pride

In 2002, Wachovia:

- Contributed over \$85 million to charitable organizations through direct contributions and employee giving.
- Helped 450 lower-income families *each week* realize the dream of homeownership.
- Forged a strong national partnership with Teach For America, which recruits top college graduates to commit to teach for two years in schools in underprivileged areas.
- Made more than \$19 billion in community development loans and investments.
- Donated 59,000 books to 2,980 elementary school classrooms in 33 states through our Reading First early childhood education program.
- Formed the Wachovia Employees Care (WE Care) fund, with donations from Wachovia employees, to provide grants to fellow employees in times of crisis.
- Provided financial education and counseling to more than 16,000 seminar attendees.
- Helped revitalize housing and create jobs in over 650 neighborhoods.
- Became a founding member of Business Strengthening America, the national business-to-business campaign to encourage and support corporate volunteerism and service.
- Provided \$12 million in community development grants and in-kind donations.
- Helped over 66,000 entrepreneurs start or expand their own businesses.
- Created over 6,000 units of affordable rental housing by investing \$250 million in equity.
- Expanded its Time Away from Work for Community Service policy, giving all employees four hours per month – or six days per year – of paid time off to volunteer in their communities.
- Launched a new employee volunteer organization called WachoviaVolunteers! to encourage and support employee volunteer efforts.

Wachovia Company Facts

Assets: \$364 billion

Deposits: \$194 billion

Headquarters: Charlotte, North Carolina

Ranking: Fifth largest bank holding company in the United States based on assets. Third largest U.S. full-service broker-dealer based on broker client assets. Third largest deposit share nationally.

Financial Services: Full financial services through offices along the East Coast in 11 states — Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia and Florida — plus Washington, D.C. Full-service retail brokerage with offices in 48 states through Wachovia Securities Inc. Global services through 30 international offices.

Households/ Relationships: Nine million households and 900,000 businesses; six million online enrollments.

Employees: More than 80,000

Financial Centers: Personal service and advice through 2,600 financial centers and 700 retail brokerage offices. These staffs include 8,000 registered representatives.

ATMs: Convenient access to 4,500 automated teller machines.

Products & Services: Complete banking services, brokerage services, asset management, wealth management and innovative products for individual customers. Financial expertise in treasury services, corporate and investment banking, and international banking for business customers. Also offer credit and debit card products, trust services, mortgage banking, and home equity lending.